



200 Brush Run Road, Suite C

Greensburg PA 15601

(724) 468-6900

June 18, 2010

James J. McNulty, Secretary
Pennsylvania Public Utility
Commission
Keystone Building, 2nd Floor Room N201
Harrisburg PA 17120

RECEIVED

JUN 18 2010

Re: Amendment to License A-2009-2148518

**PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU**

Dear Secretary McNulty,

Keytex Energy Solutions LLC (Keytex) is hereby requesting an amendment to license A-2009-2148518 to allow us to perform brokering for residential customers. Our intention is to offer our service to the employees, students, etc. of our commercial and industrial clients. This is a service that many of them have requested and we feel we have the expertise to perform.

Keytex would not act as a Load Serving Entity in any way. We would work with our clients to promote and organize a buying group of their related residential accounts, then solicit offers from various suppliers for the residential service. It would be up to the chosen supplier to execute customer agreements, provide appropriate notices and enroll and bill each customer in accordance with all PUC rules and regulations. Keytex' fee would be paid by the supplier as it is with our commercial/industrial clients. Keytex would not invoice customers for either supplier costs or our fees.

Our public postings, which were completed earlier this year, did not specify a customer class for our services. As such, we do not feel it is necessary to perform a second posting. In addition, since we intend to act as a broker/marketer/aggregator, rather than a generation supplier, we are requesting that our current bond amount of \$10,000 be deemed acceptable.

Please feel free to contact me at the above number if you have any questions or concerns.

Sincerely,

Charles A. Lanager
VP/Managing Director

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION
Harrisburg, PA 17105-3265**

Public Meeting held March 11, 2010

Commissioners Present:

James H. Cawley, Chairman
Tyrone J. Christy, Vice Chairman
Wayne E. Gardner
Robert F. Powelson

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PA PUBLIC UTILITY COMMISSION
SECRETARY'S BUREAU

License Application of Keytex Energy Solutions
LLC for Approval to Offer, Render, Furnish or
Supply Electricity or Electric Generation Services as
a Broker/Marketer

Docket No.
A-2009-2148518

ORDER

BY THE COMMISSION:

On December 21, 2009, Keytex Energy Solutions LLC (Keytex) filed an application seeking to become a licensed electric generation supplier (EGS) in the electric service territories throughout the Commonwealth of Pennsylvania. The application was filed pursuant to the Commission's regulations at 52 Pa. Code §§ 54.31-54.43, which became effective on August 8, 1998, and which were established under section 2809 of the Public Utility Code, 66 Pa. C.S. § 2809.

Section 2809 provides in pertinent part that:

License Requirement.--No person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators and other entities, shall engage in the business of an electric generation supplier in this

Commonwealth unless the person or corporation holds a license issued by the Commission.

An electric generation supplier is defined as:

A person or corporation, including municipal corporations which choose to provide service outside their municipal limits except to the extent provided prior to the effective date of this chapter, brokers and marketers, aggregators or any other entities, that sells to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company, or that purchases, brokers, arranges or markets electricity or related services to end-use customers utilizing the jurisdictional transmission and distribution facilities of an electric distribution company.

66 Pa. C.S. § 2803.

Keytex is a domestic limited liability company, as registered by the Pennsylvania Department of State on July 11, 2007.

Keytex proposes to act as a broker/marketer who will work with large commercial and industrial customers to assist with energy procurement. Keytex will be compensated for its services by the EGS serving the customer. The charges for Keytex's fees will not be reflected on any customer's bills as a Keytex charge.

Keytex states it will not take title to electricity. Rather, title of electricity will pass directly from the supplier to the customer. As well Keytex states that it will not pay electric bills on behalf of its customers.

Currently, Keytex does not intend to provide these services to residential customers. Therefore, Chapter 56 residential service regulations do not apply. If Keytex chooses to provide broker/marketer services to residential customers in the future, however, Keytex will notify the Commission Secretary by letter immediately and be required to comply with, and be governed by, applicable Chapter 56 residential service

regulations as set forth in the Commission Order *Guidelines for Maintaining Customer Service at the Same Level of Quality Pursuant to 66 Pa. C.S. § 2807(d), and Assuring Conformance with 52 Pa. Code Chapter 56 Pursuant to 66 Pa. C.S. § 2809(e) and (f)*, at Docket No. M-00960890 F0011, Order entered July 11, 1997. Thus, we deem it appropriate to reiterate certain items with respect to Chapter 56 of our regulations. Chapter 56 (52 Pa. Code Chapter 56) is applicable to residential accounts. An EGS cannot physically disconnect a residential customer from the electricity grid; therefore, the rules relating to residential service termination are not applicable to EGSs. An EGS may seek to terminate its generation service through an appropriate written notice to the customer and the distribution company. The residential customer can then attempt to repair their relationship with the supplier, seek a new supplier, or default to utility service at capped rates in accordance with the utility's obligations under section 2807(e), 66 Pa. C.S. § 2807(e). The customer would only be disconnected from the electricity grid pursuant to appropriate regulations if the customer failed to meet its obligations to the utility or the EGS that has been designated by the Commission as the provider of last resort.

Additionally, we specifically note that the licensee must comply with, and ensure that its employees, agents, representatives and independent contractors comply with the standards of conduct and disclosure for licensees set out in Commission regulations at 52 Pa. Code § 54.43 that were enacted to protect consumers of this Commonwealth. These standards include, *inter alia*, the provision of timely and accurate information about the services offered by the licensee, the practice of nondiscrimination in service in regard to race, color, religion, national origin, marital status, etc., the safeguarding of a consumer's personal information, and compliance with applicable state and federal consumer protection laws. Also, we take this opportunity to remind the licensee of its agreement to abide by, and to ensure that its employees, representatives, agents and independent contractors abide by all applicable federal and state laws, and Commission regulations, procedures and orders, including Emergency Orders, which

may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of business.

Keytex has provided proofs of publication in Pennsylvania newspapers and proofs of service to the interested parties as required by the Commission.

Regarding the financial and technical requirements of the license application, Keytex has provided current business checking account statements as well as proof of business insurance. Keytex has also provided historical employment information for its chief officers indicating that they have the necessary consulting, utility and/or regulatory experience. Sufficient information has been provided by Keytex to demonstrate its financial and technical fitness in order to be licensed as a broker/marketer in the Commonwealth of Pennsylvania.

Keytex did not provide a \$250,000 bond as required by the license application; however, it did provide a bond in the amount of \$10,000 and requests that the Commission reduce its security requirement from \$250,000 to \$10,000. In support of this request, Keytex explains that it will not take title to electricity and will not pay electric bills on behalf of its customers.

The Commission believes that the reasoning on which Keytex bases its request for a bond reduction from \$250,000 to \$10,000 is similar to that offered by the other EGSs that have successfully petitioned the Commission for a bonding level of \$10,000. Two of the EGSs are Co-eXprise, Inc. (Co-eX), at Docket No. A-110166, whose request was granted January 20, 2006, and Premier Energy Solutions (Premier), at Docket No. A-110170, whose request was granted July 26, 2006. In the case of Co-eX, the company explained that, as a consultant, it will provide its customers with an evaluation and selection process from which to select the best positioned licensed electricity supplier/generator and award business. In the case of Premier, the company explained that it requested an EGS

license to become EDI certified with the utilities, in order to be able to efficiently and effectively obtain electricity usage information for the customers to whom it provides consulting services. Premier intended to utilize the information to help its customers reduce their overall spending for electricity. Premier also stated that it will not take title to power.

The Commission believes that Keytex operates in a similar manner and therefore should be granted similar relief and be permitted to provide a bond or other approved security in the reduced amount of \$10,000. However, Keytex's bonding level is contingent upon the company's business model as described in this Order. If Keytex takes title to generation supply for its customers, and/or charges customers directly for that generation supply, a \$10,000 level of bonding may not be appropriate. Therefore, we will direct Keytex to notify the Commission 45 days prior to a change in its business model, whereby Keytex takes title to generation supply and/or bills its customers directly for that generation supply. This will provide the Commission with an opportunity to review and adjust Keytex's approved bonding level prior to Keytex implementing those changes.

Keytex has provided the required Pennsylvania Emergency Management Agency (PEMA) contact information.

As of February 22, 2010, no protests have been filed.

We find that the applicant:

1. Is fit, willing and able to properly perform the service proposed in conformance with applicable provisions of the Public Utility Code and lawful Commission orders and regulations, specifically including 52 Pa. Code Chapter 56 (relating to Standards and Billing Practices for Residential Utility Service).

2. Has agreed to lawfully abide by all Commission regulations, procedures and orders, including Emergency Orders, which may be issued verbally or in writing during any emergency situations that may unexpectedly develop from time to time in the course of doing business in Pennsylvania.

We further find that the proposed service, to the extent authorized by the license, will be consistent with the public interest and the policy declared in the Electricity Generation Customer Choice and Competition Act.

Upon full consideration of all matters of record, we find that approval of this application is necessary and proper for the service, accommodation and convenience of the public; **THEREFORE,**

IT IS ORDERED:

1. That the application of Keytex Energy Solutions LLC is hereby approved, consistent with this Order.
2. That Keytex Energy Solutions LLC's request for a reduction in the bond level from \$250,000 to \$10,000 is hereby granted.
3. That the security amount of \$10,000 shall remain in effect for Keytex Energy Solutions LLC as long as Keytex Energy Solutions LLC does not make a change to its business model in Pennsylvania, whereby it would take title to generation supply and/or bill its customers directly for generation supply.
4. That a license be issued authorizing Keytex Energy Solutions LLC to begin to offer, render, furnish or supply electric generation supplier services to large

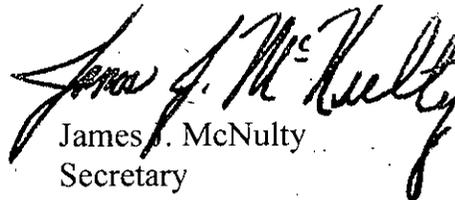
commercial and industrial customers in the electric distribution company service territories throughout the Commonwealth of Pennsylvania, as specified in the Order.

5. That if Keytex Energy Solutions LLC proposes to change its business model as described in Ordering Paragraph No. 3, it must notify the Commission at least 45 days prior to the changes. With the notice, the Company must provide an update to the nature and scope of business information that was required by Pa. Code § 54.40(c) to justify the modification granted in Ordering Paragraph No. 3. This will provide the Commission the opportunity to review Keytex Energy Solutions LLC's bonding level and adjust as appropriate, prior to Keytex Energy Solutions LLC implementing the proposed changes to its business model.

6. That if Keytex Energy Solutions LLC changes its business model without providing to the Commission the notice and information required in Ordering Paragraph No. 5, then the reduced bonding level permitted by Ordering Paragraph No. 2 shall cease effective with the date of the change in the business model. The level of bonding effective at that time shall be \$250,000 or the level required by 52 Pa. Code § 54.40, whichever is greater.

7. That this proceeding at Docket No. A-2009-2145818 be closed.

BY THE COMMISSION,


James J. McNulty
Secretary

(SEAL)

ORDER ADOPTED: March 11, 2010

ORDER ENTERED: March 11, 2010

**PENNSYLVANIA
PUBLIC UTILITY COMMISSION**

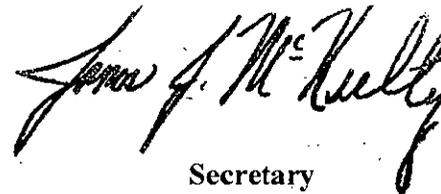
IN THE MATTER OF THE APPLICATION OF: A-2009-2148518

The Application of Keytex Energy Solutions LLC for approval to begin to offer, render, furnish or supply electricity or electric generation services as a broker/marketer to the public within the Commonwealth of Pennsylvania.

The Pennsylvania Public Utility Commission hereby certifies that after an investigation and/or hearing, it has, by its report and order made and entered, found and determined that the granting of the application is necessary or proper for the service, accommodation, convenience and safety of the public and hereby issues, evidencing the Commission's approval, to the applicant this:

LICENSE FOR ELECTRIC GENERATION SUPPLIER.

In Witness Whereof, the PENNSYLVANIA PUBLIC UTILITY COMMISSION has caused these presents to be signed and sealed, and duly attested by its Secretary at its office in the city of Harrisburg this 11th day of March 2010.


Secretary

1 From
Date 6-18-10 Sender's FedEx Account Number _____
Sender's Name Charles Lanager Phone 724 462-6500
Company Keystone Energy
Address 200 British Run Rd STE C
City C-mercusbury State PA ZIP 15601

2 Your Internal Billing Reference

3 To
Recipient's Name James J. McNulty, Sec. Phone _____
Company PA Public Utility Company HOLD Weekday
Address Keystone Building Print FedEx location address below. NOT available for FedEx First Overnight.
City Harrisburg State PA ZIP 17120
Address 2nd Floor Room N201 HOLD Saturday
Print FedEx location address here if a HOLD option is selected. Available ONLY for FedEx Priority Overnight and FedEx 2Day to select locations.

4a Express Package Service * To most locations. Packages up to 150 lbs.
1 FedEx Priority Overnight Next business morning. * Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
5 FedEx Standard Overnight Next business afternoon. * Saturday Delivery NOT available.
6 FedEx First Overnight Earliest next business morning delivery to select locations. * Saturday Delivery NOT available.
3 FedEx 2Day Second business day. * Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
20 FedEx Express Saver Third business day. * Saturday Delivery NOT available.

4b Express Freight Service ** To most locations. Packages over 150 lbs.
7 FedEx 1Day Freight Next business day. ** Friday shipments will be delivered on Monday unless SATURDAY Delivery is selected. FedEx 1Day Freight Booking No. _____
8 FedEx 2Day Freight Second business day. ** Thursday shipments will be delivered on Monday unless SATURDAY Delivery is selected.
83 FedEx 3Day Freight Third business day. ** Saturday Delivery NOT available.

5 Packaging * Declared value limit \$500.
6 FedEx Envelope* 2 FedEx Pak* Includes FedEx Small Pak, FedEx Large Pak, and FedEx Sturdy Pak.
3 FedEx Box 4 FedEx Tube 1 Other

6 Special Handling and Delivery Signature Options
3 SATURDAY DELIVERY

No Signature Required Package may be left without obtaining a signature for delivery.
10 Direct Signature Someone at recipient's address may sign for delivery. Fee applies.
34 Indirect Signature If no one is available at recipient's address, someone at a neighboring address may sign for delivery. For residential deliveries only. Fee applies.
Does this shipment contain dangerous goods?
One box must be checked.
 No 4 Yes (As per attached Shipper's Declaration. Not required.)
6 Dry Ice Dry ice, 9 UN 1845 _____ x _____ kg
Dangerous goods (including dry ice) cannot be shipped in FedEx packaging or placed in a FedEx Express Drop Box. Cargo Aircraft Only

7 Payment Bill to: Obtain Recip. Acct. No.
1 Sender Acct. No. in Section 1 will be billed. 2 Recipient 3 Third Party 4 Credit Card 5 Cash/Check
Enter FedEx Acct. No. or Credit Card No. below: _____

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Total Packages _____ Total Weight _____ lbs. Credit Card Auth. _____

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